{Specimen of letter from seller (other than Individual) to buyer for compliance of section 206C(1H)}

Date : …………..

To

M/s. ……………………..,
…………………………….,
…………………………….,
…………………………….,
……………..- ………….
{Mail ID : ……………………..}

Sub : <u>Furnishing of Permanent Account No. (PAN) u/s 206CC(1) of the Income Tax Act, 1961; seeking information u/s 206CCA(3) of the Act and obligation to collect tax at source u/s 206C(1H) of the Act - for the financial year 2021-22 relevant for assessment year 2022-23</u>

Sir

With reference to above captioned subject we hereby state, furnish, declare and seek as follows:

1.   I am the partner / director / karta / authorized signatory of **M/s**. **…………………………………** having principal place of business at ………………………………… - ………...

2.   We have been allotted Permanent Account Number (PAN) in terms of the provisions of section 139A of the Act , which is **"XXXXX0000X".**

3.   It is hereby declared that the above mentioned PAN is valid and active.

4.   we *sell* goods to you in the course of carrying on business under the name and style of **M/s. ……………………………..**

5.   The total sales, gross receipts or turnover *from <u>the</u> said business* during the financial year 2020-21 has exceeded Rs. 10 Crore. Therefore, We are covered by the definition of *seller* in terms of the clause *(b)* of Explanation to section 206C(1H) of the Act and thus, being a *seller*, we are responsible to collect tax at source in terms of the provisions of section 206C(1H) of the Act. Accordingly, we will collect tax at source @ 0.1% on the amounts received by us as consideration for sale of any goods from your entity exceeding Rs. 50 Lakh reckoned from 1st April, 2021.

6.   However, if you are a *buyer* in terms of the provisions of Explanation to section 194Q of the Act and accordingly your total sales, gross receipts or turnover *from <u>the</u> business* carried on by you during the financial year 2020-21 has exceeded Rs. 10 Crore in terms of the provisions of section 194Q of the Act, you shall be responsible to deduct tax at

source under section 194Q of the Act. In that case we will ***not*** collect tax at source on amounts received by use for the sales made to you in terms of the provisions of second proviso to section 206C(1H).

7.   It is, therefore, requested to kindly confirm the above fact as stated in para six (6) above, and if it is true, please feel obliged and deduct tax at source on such purchases u/s 194Q of the Act.

8.   If no information is received from you in this respect, we will collect tax at source in terms of the provisions of section 206C(1H) of the Act.

9.   For the purpose of ***ensuring*** that the provisions of section 194Q, 206AA and 206CCA are ***not*** applicable, we will obliged to observe due diligence of satisfying myself whether the collectee is a specified person on not. It is, therefore, requested to kindly furnish the following information:

(i)   Please furnish you Permanent Account Number (PAN) in terms of the provisions of section 206CC of the Act.

(ii)   Please provide following information in terms of the provisions of section 206CCA(3) so that we may be ***ascertain*** whether you are specified person or not in terms of the provisions of section 206CCA(3):

Previous Year	Aggregate of TDS and TCS to ascertain whether it exceeded Rs 50,000/- in **each** year	Whether you have furnished your return of income for the assessment year relevant for the following previous years (Yes / No)	Acknowledgment number of the return furnished	Date of furnishing of return
2018-19				
2019-20				

10.   Please furnish copies of the ITRs and PAN card, as mentioned above.

11. It may be informed that if the aggregate of the TDS and TCS in your case is equal to or more than Rs. 50,000/- in **_each_** of the above previous years and you have **_not_** furnished your return of income for the assessment years relevant for **_both_** the above previous year, we will collect tax at source on such sale consideration @ 5% instead of @ 0.1% in terms of the provisions of section 206CCA(1)(ii) of the Act.

Thanking you.

Yours faithfully
For ……………………………………

………..
(Partner / Director / Karta /
Authorised Signatoryetor)